Exhibit 298

STAFF PRESENTATION

FIRST ANNUAL ORIENTATION

BOARD OF DIRECTORS

BLUE CROSS AND BLUE SHIELD

OF ALABAMA 1975

930 South 20th Street
Birmingham, Alabama 35298
205/328-8111

Blue Cross®
Blue Shield®
of Alabama

May 6, 1975

William E. Miller, Jr.
President

To: Board of Directors
Blue Cross and Blue Shield of Alabama

Gentlemen:

As requested at the 1975 Board of Directors Orientation Meeting at Bay Point, copies of all presentations made by Blue Cross and Blue Shield staff are included in this source directory.

We hope that it will provide you with a valuable reference tool.

Sincerely,

William E. Miller, Jr.
President

WEM/bs

B L U E C R O S S A N D B L U E S H I E L D

H I S T O R I C A L R E V I E W

Presented by:

William H. Mandy

Vice President - External Operations

April 11, 1975

BLUE CROSS (NATIONAL) AND BLUE SHIELD (NATIONAL)

1. ORIGIN AND CONCEPT
2. DEVELOPMENTAL STAGES
3. GROWTH ERA
4. CURRENT ORGANIZATION (BOARD)
   - (a) GOVERNMENTAL SERVICES
   - (b) TRADE MARK
   - (c) PERFORMANCE REVIEW
   - (d) BANK
   - (e) MARKETING
   - (f) NHI (ASSESSMENT)
   - (g) RECIPROCITY/PEER REVIEW

ALABAMA BLUE CROSS

ALABAMA BLUE SHIELD

Blue Cross and Blue Shield are non-profit, pre-payment community health plans. They are designed as protection for the hundreds of thousands of people who are discharged daily from hospitals or a doctor's care and are suddenly faced with medical bills that are beyond their immediate ability to pay.

Blue Cross and Blue Shield are two different plans. Blue Cross is sponsored by hospitals to help patients pay their hospital bills. The Blue Shield plans are sponsored by physicians and help pay doctor bills and non-hospital medical expenses. In Alabama, Blue Cross and Blue Shield work together as a unit, as they do in most states, but they are separate Plans.

Several features distinguish Blue Cross and Blue Shield from commercial companies offering health protection policies. Blue Cross and Blue Shield rates are lower than those of other plans because, as a non-profit organization, we have no stockholders and no dividends or commissions have to be paid by the company. Any financial surplus is returned to the subscribers in the form of reduced rates.

Blue Cross and Blue Shield members never have to worry about having their policies cancelled because of age, health condition, job change, retirement or the amount of benefits used. Coverage continues with the regular payment of premiums.

Blue Cross and Blue Shield is convenient. The plans deal directly with the sponsoring hospitals and physicians to eliminate needless work for the subscribers. There is no red tape and no lengthy claims forms to complete.

These are just a few reasons why more than eighty million Americans, including more than 1½ million Alabamians, enjoy nation-wide Blue Cross and Blue Shield protection through a reciprocal arrangement among the various plans.

The basic idea of the pre-paid health protection plan was initiated in 1929 at the Baylor University Hospital in Dallas, Texas. Doctor Justin Ford Kimball, then vice-president of Baylor University, conceived a plan where Dallas school teachers could pay a small amount to the University hospital each month in return for medical services at no additional cost when the need arose. The economic difficulties of the Great Depression made the idea especially appealing and other groups were soon formed, each having an agreement with a single hospital. But complications arose as members of one paying group needed care and wanted to get it at another hospital.

The first attempt to overcome this flaw came in 1932 when several hospitals in Sacramento, California joined together to form a community-wide plan of pre-paid protection, providing services for

members of several different subscribing groups, all organized at the members' places of work. Hospitals on the East coast soon learned of the venture and all eighteen hospitals in Newark, New Jersey developed a similar pre-payment plan. Within two years, hospitalization plans were organized in Louisiana, New York, New Jersey, Minnesota, North Carolina and elsewhere.

In 1933, E. A. Van Steenwyk was hired to head one of these new ventures -- the one in St. Paul, Minnesota. Van Steenwyk, the first executive director of the Hospital Service Association of Minnesota, decided that the new hospital plans needed some clear identification in the mind of the public. So he took the Geneva cross, signifying help for the sick and injured, and colored it blue. He began to use this blue cross on stationery, bulletins and informational folders about the plan. The Hospital Service Association of Minnesota soon became known throughout the area as the Blue Cross Plan, and other groups quickly adopted the symbol. Van Steenwyk also hired an artist, Joseph Binder, to paint a poster which Van Steenwyk displayed at his recruiting meetings. The blue cross was on the arm of a nurse supporting the bandaged head of an injured person. The person, by the way, is drawn with multi-racial features. The poster came into use in December, 1934. It could have been painted today except for the line that reads, "... You pay 75 cents a month." By 1939, the use of the blue cross symbol was so widespread that the American Hospital Association adopted it as the national emblem

of approved non-profit hospitalization plans in the United States. And to show the affiliation of the program with hospitals, the AHA's own seal was placed in the center of the blue cross. The Blue Cross symbol with the AHA seal was used for 34 years, until 1973, when the present symbol was adopted. The new symbol says everything there is to say about the Blue Cross organization. It has the Geneva cross, which has come to mean aid and comfort to the sick and injured, and it has the human figure inside. Together, they add up to help people. And that's what the Blue Cross organization is all about.

In its first decade, then, Blue Cross membership has increased from the first 1500 subscribers in Dallas to more than three million members nationwide in 1939. Today, more than eighty million people are enrolled in any one of eighty separate Blue Cross plans in the United States and other countries. Benefits vary from plan to plan, so an Inter-Plan Bank has been developed to aid members who are hospitalized in an area away from their home. All Blue Cross Plans are members of the Blue Cross Association, which has its offices in Chicago, Illinois. The Association makes national policy, collects statistical data, and acts as spokesman and agent for Blue Cross Plans everywhere.

The development of the Blue Shield Plan closely paralleled that of Blue Cross. With the onset of the Great Depression in the early 1930's

Americans realized that in times of economic hardship they lacked sufficient means to pay for surgical services provided in the hospital and, in many cases, access to emergency medical care. At the same time, American physicians were becoming increasingly concerned with the economic hardships suffered by their patients. Although they opposed the intervention of a third party in their relationship with patients, they also did not wish to see the general deterioration of health care accessibility which was being fostered by the Depression

Recognizing the need for a pre-payment program which would enable people to avail themselves of modern medical care, in an extraordinary session in September, 1938, the members of the American Medical Association's House of Delegates for the first time endorsed the principle of voluntary health insurance.

In 1939, the first Blue Shield-type plan was established in California. Called the California Physicians' Service, the non-profit organization was begun with funds advanced by the California Medical Association. At first, California Physicians' Service offered a contract that provided complete physicians' services for employed persons enrolled in groups at their places of employment. Enrollment was limited to those earning less than $3,000 per year.

The California Plan, as would most other Blue Shield Plans, entered into agreements with Blue Cross Plans to provide joint enrollment of subscribers and their families. At this early point in their history, Blue Shield Plans basically paid surgical benefits for hospitalized patients while Blue Cross paid for hospital services themselves. Blue Shield officially became a nation-wide organization in 1946 when nine autonomous, non-profit pre-payment Plans joined together to form a national association. Besides the California Plan, the other original incorporating Plans were located in Iowa, Michigan, Missouri, Nebraska, New Jersey, Ohio, Oregon and Pennsylvania. Made possible by a $25,000 grant from the American Medical Association -- which was later repaid -- the new central coordinating agency was called the Associated Medical Care Plans. The forerunner to today's National Association of Blue Shield Plans, the new organization represented the culmination of an effort to establish a nation-wide network of non-profit medical care Plans.

Although commercial insurers were yet to be convinced of the workability of health care coverage, the Blue Shield and Blue Cross approach to medical pre-payment was unlike anything that had ever been tried before. From their very modest beginnings, Blue Shield and Blue Cross Plans sought to give their subscribers benefits in terms of health care services rather than merely providing dollar benefits with

no relation to the cost of care. Through the use of participating agreements, physicians agreed to accept Blue Shield reimbursements as full payment for services rendered.

Blue Shield's subscriber enrollment philosophy also has differed sharply from the policies of commercial insurers. When a Blue Shield Plan agrees to enroll a group of subscribers, it automatically accepts every eligible individual, and his eligible dependents, in that group. It does not force those with previous medical problems to look elsewhere for health care coverage.

Blue Shield subscribers enjoy the advantage of having their medical bills submitted directly by participating physicians to their local Blue Shield Plan. Unlike those insured by commercial carriers, they do not have to pay the physician first and then wait for reimbursement from the insurer.

The Blue Shield system has undergone a tremendous nation-wide expansion while still being able to serve the public on a local basis. Today, there are 79 Blue Shield Plans, serving 74 million people. Functioning as the national coordinating agency for the Blue Shield Plans, the National Association of Blue Shield Plans, also located in Chicago, serves as a national and collective spokesman for member Plans on health care financing issues.

From their humble beginnings, Blue Cross and Blue Shield Plans are now international in scope. Both of these Plans have been developed as a special effort on the part of the communities in which they now operate, and were designed to meet the particular health service needs and costs of the areas in which the Plans operate.

Blue Cross and Blue Shield of Alabama is one of 74 separate Plans in the United States. The Plan was originally known as Hospital Service Corporation of Alabama. Its official opening in June of 1936 was made possible through a special enabling act of the State legislature. Twenty-seven Alabama hospitals furnished the original money for deposit to the State Insurance Commission and the original operating capital of the Plan. Six people, including two sales representatives in the field and a part-time manager, began operations in a downtown Birmingham office. Those were the days when contracts, identification cards, invoices and notices were all typed by hand.

In 1945, at the request of Alabama physicians, the Medical Association of the State of Alabama sponsored the Blue Shield Plan, which became a companion part of our local Blue Cross hospital Plan. Today's operation is governed by a Board of Directors composed of six physicians, six hospital representatives, and fourteen members of the general public, all of whom give their time and effort without pay.

Blue Cross and Blue Shield of Alabama today serves 136 hospitals, 2,000 physicians, and 1,750,000 cardholders. Starting with that six-person office staff, Blue Cross and Blue Shield has grown to approximately one thousand employees, most of whom came after 1966 with the acquisition of government contracts.

From its meager beginning, the Alabama Plan is currently protecting the health needs of more than a million people -- by far more than any other health company in the state.

Size and market penetration are only part of the Blue Cross and Blue Shield story. Because Blue Cross and Blue Shield were the first to demonstrate that health care could indeed be prepaid, health care itself came to be viewed as a right instead of the privilege of a fortunate few. The growth and confidence which the American public has placed in the private underwritten system for prepaying medical bills are the larger and more dramatic aspects of the story, a story as fundamental as the founding and growth of America itself.

TRANSPARENCIES USED: HISTORY OF BLUE CROSS AND BLUE SHIELD

EXHIBIT 1. LIST OF EARLY "BLUE CROSS" AND "BLUE SHIELD" PLANS

EXHIBIT 2. FINANCIAL OPERATING DATA - ALABAMA

SELECTED YEARS: 1936 - 1974

BLUE CROSS AND BLUE SHIELD
NON PROFIT PRE-PAYMENT
COMMUNITY HEALTH PLANS

BLUE CROSS
(HOSPITAL)

BLUE SHIELD
(PHYSICIAN)

BAYLOR UNIVERSITY HOSPITAL
(1929)

SACRAMENTO, CALIFORNIA
(1932)

HOSPITAL SERVICE ASSOCIATION OF MINNESOTA
(1933)

CALIFORNIA PHYSICIANS' SERVICE
(1939)

HOSPITAL SERVICE CORPORATION OF ALABAMA
(1936)

BLUE SHIELD PLAN
(1945)

BLUE CROSS AND BLUE SHIELD OF ALABAMA
OPERATING DATA
BY SELECTED YEARS

	1936	1946	1950	1960	1970	1974
Dues	$ 9,808.00	$1,371,858.00	$5,353,777.00	$26,921,354.00	$99,099,442.00	$156,277,311.00
Claims	- 6,739.00	- 958,956.00	-4,569,050.00	-25,011,410.00	-98,947,132.00	-143,200,856.00
Expense	-10,073.00	- 245,142.00	- 587,561.00	- 1,585,638.00	- 6,172,807.00	- 8,993,475.00
Other Income	+ 58.00	+ 18,255.00	+ 19,551.00	+ 221,232.00	+ 1,215,277.00	+ 5,016,350.00
To Reserves	- 6,946.00	$ 186,015.00	$ 216,717.00	$ 545,538.00	- 4,805,220.00	$ 9,099,330.00

CUMULATIVE TOTAL
1936 - 1974

Earned Dues	$1,246,704,142.00
Claims Incurred	-1,158,425,753.00
Operating Expense	- 70,629,845.00
Other Income	+ 16,777,271.00
Reserves from Operations	$ 34,425,815.00
Hospital Assessments	63,076.00
	$ 34,488,891.00